(b) if so, what are the impact on banks' advances to such undertakings on the basis of State guarantees; and

(c) whether it is adding to the Bankers' NPAs (Non-performing Assets)?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) Outstanding guarantees issued by State Governments have been rising in recent years. Some States had routinely started resorting to guaranteed backed borrowings from Special Purpose Vehicles. Development on State Governments, due to defaults by entities for whom Guarantees have been issued, place additional burden on State finances. Non-adherence to the payment obligations committed by the States in respect of the devolving guarantees have adverse implications on the health of the financial sector consequent upon the exposure of banks and financial institutions to State guaranteed debt.

Agreement with Chinese banks

181. SHRI K. NATWAR SINGH:

DR.T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether Indian and Chinese banks have decided to work closely to support business;

(b) if so, whether to give a fillip to greater investment and trade by domestic companies in China, Indian banks will be looking at entering into counterpart agreement with Chinese banks;

(c) whether business leaders have also requested the Reserve Bank of India and the Central Bank of China to collaborate closely so that there is a synergy in banking policies of the two countries; and

(d) if so, to what extent both India and China have agreed to help the business to flourish in both the countries?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) The information is being collected and will be laid on the Table of the House to the extent available.